

January 17, 1991

Mr. Brad Bradley
Remedial Project Manager
U.S. EPA. 5HS-11
230 South Dearborn Street
Chicago, Illinois 60604

Re: NL Industries/Taracorp Site, Granite City, Illinois
(the "Site")

Dear Mr. Bradley:

This letter is the response of Versatile Metals, Inc. to the Unilateral Administrative Order regarding the Site issued by U.S. EPA pursuant to Section 106 of the Comprehensive Environmental Response, Compensation and Liability Act.

The Order alleges that Versatile Metals is a generator of hazardous substances that were sent to the Site. Although we do not concede the factual allegations contained in the Order, Versatile Metals is at most a de minimis generator. Versatile Metals is a small company that is currently completing a Chapter 11 reorganization. For this reason, unilateral performance of the Order solely by Versatile Metals would result only in the immediate liquidation of the company and is therefore impossible.

Despite Versatile Metals' inability to unilaterally perform the Order, Versatile Metals is willing to pay its pro rata share, on a volumetric basis, of the cost of performance of the Order, or another cleanup plan acceptable to U.S. EPA.

After the meeting between U.S. EPA and recipients of the Section 106 order on December 21, 1990, we learned that a group of generators has been negotiating a settlement with U.S. EPA. We are attempting to contact the attorneys

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for this generators' group and hope to be allowed to join that group and pursue a collective negotiated settlement with U.S. EPA.

We will report to you promptly upon the conclusion, successful or otherwise, of our attempt to join the existing generators' group negotiating with EPA. If you wish to discuss this matter further, or desire any additional information, please call our attorney, Michael Quinn of D'Ancona & Pflaum, at (312) 580-2068.

Very Truly Yours,

VERSATILE METALS, INC.

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